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The Mandatory Price Reporting Act Requires USDA to Implement Electronic Reporting System for Dairy Products Previously Authorized in 2008 Farm Bill

Continues Arcuri's Efforts to Promote Market Stability, Dairy Industry Growth by Better Aligning Supply with Demand

WASHINGTON, DC -Today, U.S. Rep. Michael A. Arcuri (NY-24) supported the unanimous approval of *the Mandatory Price Reporting Act (S. 3656)* in the U.S. House of Representatives, which would require the U.S. Department of Agriculture (USDA) to implement an electronic reporting system for dairy products and to publish the weekly dairy product data it currently collects no later than 3:00pm Eastern Time each Wednesday. Since the Senate had passed the bill on August 5, today's action by the House now sends the legislation to the President to be signed into law.

"I have continuously fought to ensure that our local dairy farmers receive the support they need during extended periods of low milk prices, but I have also sought to tackle the underlying factors at blame for price volatility," **said Arcuri, a founding member of the Congressional Dairy Caucus**. "Mandating the use of an electronic reporting system for dairy products would inject much needed transparency into the marketplace and allow farmers to make better-informed decisions. If we do not act now to prevent future dairy crashes, I fear our dairy farmers will hit their breaking points and put an entire industry at risk-something the Upstate New York economy cannot afford."

Current law requires manufacturers of dairy products to report to USDA information concerning

the price, quantity, and moisture content of dairy products sold by the manufacturer and information on the quantity of dairy products in storage. USDA's National Agricultural Statistics Service (NASS) collects this data to generate market information, but it is 7-14 days old by the time it is released to the public, undermining its usefulness as a measure of market supply and a reliable tool for milk pricing. Recognizing these deficiencies, Congress established a system of electronic and more frequent reporting of dairy commodities in the 2008 Farm Bill, but USDA has never implemented such a system.

Increased reporting will reduce the influence on price discovery of thinly-traded dairy commodities on the Chicago Mercantile Exchange. An electronic reporting system will benefit farmers by providing more accurate measure of supply and demand realities. This bill would greatly enhance price discovery and transparency, which will in turn allow dairy farmers to make better-informed production decisions.

This Congress, Arcuri has continually fought to reduce the disparity between the price of milk paid and a farmer's cost of production exacerbated by the 2009 collapse. Just this week, Arcuri cosponsored *the Dairy Price Stabilization Act (H.R. 5288)*, which would help stabilize dairy prices by better aligning supply and demand. Under the program, individual dairies would have the choice of either maintaining their current production level (plus an allowable year-over-year growth rate based on market indications) or expanding their production and increasing their share of the market.

Dairies choosing to increase their market share would pay a fee during the first year of expansion which paid out to their fellow dairy farmers who are maintaining their current share of the market. This creates a rational system that allows the market to absorb increases in production by providing a tangible financial incentive for most dairies to manage their production growth.

Additionally, Arcuri has worked administratively with USDA Secretary Thomas Vilsack and with fellow members of Congress on the following actions on behalf of ailing dairy farmers:

- In March 2009 when Class I milk prices dropped, Arcuri urged USDA to begin sending MILC (Milk Income Loss Contract) payments to farmers as expediently as possible;
- In May 2009, Arcuri lead a bipartisan group of Congressional colleagues from across the Northeast in asking USDA Secretary Vilsack to consider the cost of production when

setting federal milk prices;

- In July 2009, Arcuri sent two letters, to Secretary Vilsack and Office of Management and Budget Director Peter Orszag respectively, requesting dairy price increases under the Dairy Product Price Support Program- within days the USDA responded by raising support prices from August through October of 2009;

- In September 2009, Arcuri, Rep. Lee (NY-26), and colleagues requested that the FY10 Appropriations bill include \$350 million in assistance for the dairy industry. In October 2009 the bill was signed into law by the President with \$290 million in direct support to dairy farmers and \$60 million to purchase cheese and other dairy products for food banks and nutrition programs;

- In March and June 2010, Arcuri again urged the Secretary to raise support prices and to use his authority to take the cost of production into account when determining Class I milk prices. Class I, or fluid milk, has the highest value, and likewise the price of Class I milk at market is one of the most important factors used to calculate the blend price farmers are paid at the gate for their product;

Arcuri has also worked to address the high cost of production affecting dairy farmers by introducing legislation to eliminate the transportation-related fees that they are currently forced to pay to processors, and by working to retroactively increase MILC payments beginning from the second quarter of 2009 and indexing MILC payment rates to inflation so that they coincide with increases in feed costs.

Shortly after taking office in 2007, Arcuri established three regional Agriculture Advisory Committees where he receives first-hand accounts of the issues facing Upstate New York farmers and ways he can assist them in Congress.

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